

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-06 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 L-02

AGR-05 SAM-01 /085 W

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R 231819Z APR 75

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DEPT PASS COMMERCE FOR POLANSKY AND SHERWIN;

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TAGS: EIND, OECD

SUBJECT: MEETING OF THE AD HOC WORKING PARTY ON THE
FOOTWEAR AND LEATHER RELATED INDUSTRIES,
APRIL 17-18, 1975

REF: (A) OECD PARIS 24650, 19 SEP. 73

(B) OECD PARIS 31736, 12 DEC. 73

(C) STATE A-7870, 15 SEP. 73

(D) OECD PARIS 17229, 15 JUL. 74

(E) DSTI/IND/FL/75.1, 17 FEB. 75

1. SUMMARY. DURING TWO-DAY MEETING WP COMPLETED STUDY
OF FOOTWEAR AND LEATHER RELATED INDUSTRIES AFTER CONSIDER-
ING AND TENTATIVELY ACCEPTING REPORT DRAFTED BY CONSUL-
TANT FOR OECD. WP DREW UP CONCLUSIONS TO BE INCLUDED IN
FINAL REPORT. US REP GAVE ROUTINE AD REF APPROVAL PEND-
ING FINAL APPROVAL IN WASHINGTON TEN DAYS AFTER RECEIPT
OF REPORT. IF APPROVED BY INDUSTRY COMMITTEE AT JUNE
MEETING, IC WILL RECOMMEND THAT REPORT BE PUBLISHED.
END SUMMARY.

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2. EIGHT COUNTRIES PLUS THE EC WERE REPRESENTED AT THE MEETING, WHILE FOURTEEN SUBMITTED RESPONSES TO SECRETARIAT FORMING BASIS FOR DRAFT REPORT. NOTABLY ABSENT WERE ITALY, SPAIN, AND PORTUGAL, WHO PARTICIPATED IN EARLIER SESSIONS, AND UK, ABSENT FROM THE START.

3. DRAFT REPORT WAS PREPARED BY PROFESSOR A. COTTA OF THE UNIVERSITY OF PARIS IX. WP MEMBERS DISCUSSED WITH PROFESSOR COTTA AND EACH OTHER DEFICIENCIES OF THE STUDY, ESPECIALLY WITH REGARD TO AVAILABLE DATA. PROFESSOR COTTA ACKNOWLEDGED SOME OF THE SPECIFIC DATA PROBLEMS SUCH AS A SHIFT IN THE BASE YEAR FOR DIFFERENT SETS OF DATA, USE OF FOOTWEAR CATEGORIES NOT COMPARABLE INTERNATIONALLY, DIFFERENT NATIONAL DEFINITIONS OF VARIOUS FACTORS SUCH AS INVESTMENT, PRODUCTIVITY, ETC. WP ADOPTED NUMEROUS CHANGES IN TEXT, MOSTLY AT REQUEST OF US REP. SOME PARAGRAPHS REMAIN IN CONTROVERSY AND WILL BE RECONCILED BY SECRETARIAT WITH APPROVAL OF PARTICIPANTS INVOLVED. SWISS REP WAS VERY ACTIVE IN SUPPORTING CONSULTANT'S DRAFT REPORT. FRENCH REP MAINLY CONCERNED WITH ABILITY OF LEATHER TO COMPETE WITH SUBSTITUTES.

4. CONCLUSIONS DRAWN UP DURING EVENING SESSION APRIL 17 WERE KEPT GENERAL TO ACCOMMODATE DIFFERING VIEWS OF PARTICIPANTS. FOLLOWING US OBJECTIONS, REFERENCES TO THREE POSSIBLE GOVERNMENT POLICIES TOWARD INDUSTRY WERE DELETED FROM EARLY DRAFT SINCE THEY IMPLIED CONCERTED GOVERNMENT INVOLVEMENT (STRATEGIES) IN DIRECTING THE INDUSTRIES' FUTURE (I.E. RAPID GROWTH BASED ON CONQUEST OF EXPORT MARKET; ACCEPTANCE TO A CERTAIN EXTENT THAT THE NATIONAL INDUSTRY WILL ONLY SUPPLY THE DOMES-

TIC MARKET, INDUSTRY DECLINE LEADING TO RETREAT ON THE DOMESTIC FRONT).

5. FOLLOWING ARE CONCLUSIONS ADOPTED:

"(L.) PRESENT TRENDS IN THE FOOTWEAR AND LEATHER RELATED INDUSTRIES IN OECD COUNTRIES GIVE RISE TO PROBLEMS FOR GOVERNMENTS AND INDUSTRY, ON BOTH THE LIMITED OFFICIAL USE

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NATIONAL AND THE INTERNATIONAL LEVEL. MANY OF THESE PROBLEMS RESULT FROM THE DECREASING SHARE OF CONSUMERS' EXPENDITURE DEVOTED TO FOOTWEAR; IN ALL COUNTRIES THE OVERALL CONSUMPTION OF FOOTWEAR IS INCREASING ONLY SLOWLY, AT ABOUT THE SAME RATE AS POPULATION. TRENDS ALSO SHOW SIMILARITIES AS REGARDS DECREASING SHARE OF CONSUMERS' EXPENDITURE DEVOTED TO FOOTWEAR, PRODUCTION TECHNIQUES, THE INTRODUCTION OF LEATHER SUBS-

TITUTES AND CONCENTRATION IN THE VARIOUS NATIONAL INDUSTRIES.

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(2.) THE RELATIVE UNIFORMITY OF TRENDS IN DOMESTIC CONSUMPTION AND IN THE NATURE OF THE PRODUCTS MANUFACTURED IS, HOWEVER, ASSOCIATED WITH DIFFERENCES IN THE LONG TERM EVOLUTION AMONG COUNTRIES. IN MOST TRADITIONAL FOOTWEAR PRODUCING COUNTRIES OF THE OECD, OUTPUT AND EMPLOYMENT HAVE BEEN STAGNANT OR HAVE EVEN DECLINED; IN A FEW OTHERS RAPID GROWTH BASED ON EXPANDING EXPORTS, HAS BEEN THE CHARACTERISTIC FEATURE OF THE INDUSTRY. TO A LARGE DEGREE, PROBLEMS ARE ASSOCIATED WITH THE ADVENT OF EXPANDED INTERNATIONAL TRADE IN FOOTWEAR AND WITH SHIFTING TRADE PATTERNS.

(3.) APPROACHES TO SOLVING THE PROBLEMS IDENTIFIED IN THIS STUDY WILL DEPEND UPON THE NATURE OF THE PROBLEM AND ON A NUMBER OF FACTORS PECULIAR TO EACH COUNTRY. AS A RESULT OF THIS STUDY, MEMBER GOVERNMENTS NOW HAVE ACCESS TO MORE DETAILED INFORMATION ON THE PROBLEMS AND

ON THE MEASURES TAKEN TO FACILITATE ADJUSTMENT TO THE CHANGES OCCURRING IN THE INDUSTRY. IN ADDITION, THE STUDY DESCRIBES ASSISTANCE AVAILABLE THROUGH INDUSTRY ASSOCIATIONS.

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(4.) AMONG THE ACTIONS AVAILABLE TO GOVERNMENTS OR THE INDUSTRY ARE: ADJUSTMENT ASSISTANCE PROGRAMS; DEVELOPMENT OF NEW PRODUCTION TECHNIQUES AND THE USE OF NEW OR IMPROVED RAW MATERIALS; ENCOURAGEMENT OF CROSS-FERTILIZATION OF TECHNOLOGIES ACROSS TRADITIONAL INDUSTRY LINES PARTICULARLY WITH THE MACHINERY, CHEMICAL AND ELECTRONIC INDUSTRIES; PROMOTION OF A MORE EFFECTIVE INFORMATION BASIS IN SUCH AREAS AS FASHION AND THE LIKELY TRENDS IN THE MARKETS OF FOOTWEAR, APPAREL AND RAW MATERIALS; GREATER EFFECTIVENESS OF TRADE FEDERATIONS; CONTINUED EFFORTS TO IMPROVE THE INTERNATIONAL FLOW OF BOTH TECHNOLOGICAL KNOW-HOW AND OF GOODS (RANGING FROM RAW MATERIALS TO FINISHED GOODS).

(5.) WHILE THE INFORMATION COMPILED PROBABLY REPRESENTS THE MOST EXTENSIVE SET OF DATA AVAILABLE ON THE INDUSTRY, THIS STUDY HAS SHOWN THE DEFICIENCIES OF THE DATA AND HAS DEMONSTRATED THE NEED FOR INCREASED INTERNATIONAL COOPERATION TO COLLECT AND REVIEW COMPARABLE DATA ON THE EVOLUTION OF THESE INDUSTRIES."

6. AUSTRALIAN REP INDICATED TEMPORARY IMPORT QUOTA RESTRICTIONS ON FOOTWEAR ADOPTED BY AUSTRALIA LIMITING IMPORTS BY LICENSE TO 20 PERCENT ANNUAL GROWTH BASED ON 1972/73, A HIGH IMPORT YEAR. CONSISTENT WITH INTERNATIONAL OBLIGATIONS AUSTRALIA IS CURRENTLY CONSULTING WITH EC.

7. IN PRIVATE, EC REP CONFIDED THAT STUDY OF IMPORT IMPACT REQUESTED BY EC INDUSTRY IS NEARING COMPLETION, POSSIBLY PRESENTED TO THE COMMISSION BY JUNE 1.

8. REPORT OF AD HOC WP INCLUDING RECOMMENDATION FOR PUBLICATION WILL BE SCHEDULED FOR NEXT MEETING OF INDUSTRY COMMITTEE JUNE 18-20.

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